



State of California

Employment Training Panel

Arnold Schwarzenegger, Governor

August 8, 2008

Thomas J. Williamson, Business Administrator – Operations
Southern California Permanente Medical Group (SCPMG)
393 East Walnut Street, 7th Floor
Pasadena, CA 91188

Dear Mr. Williamson:

RE: FINAL MONITORING VISIT REPORT FOR PERMANENTE IV (SET) – ET06-0133

Date of the Visit:	7/10/08 and 7/31/08 (on-site) and 8/8/08 (desk review)
Beginning/Ending Time:	9:30 a.m. to 1:00 p.m. (on-site)
Date of Last Visit:	12/27/07
Visit Location:	393 East Walnut Street, Pasadena
Persons in attendance:	Zeth Ajemian, SCAL Workforce Development Director, SCPMG Patrick Raymond, Research Specialist, SCPMG Michael A. Campbell, Systems Solutions & Deployment, SCPMG Syed-Taha A. Kazmi, HC Support Representative, SCPMG Steve Duscha, Consultant Margarita M. Paccarelli, Contract Analyst, ETP
Action Required:	No

CONTRACT INFORMATION:

Term of Agreement:	02/13/06 – 02/12/08	Agreement Amount:	\$998,478
Training Start Date:	02/13/06	No. to Retain:	502
Date Training must be Completed:	11/11/07	Range of Hours:	24 - 300
Type of Trainee:	Retrainee	Weighted Ave. Hours:	153

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There was a delay in scheduling of this final monitoring visit. Since February 2008, Ms. Paccereilli made several attempts to schedule a final visit with Mary Skyers, your project administrator. In May 2008, Ms. Skyers informed ETP that she will no longer oversee this project and that administrative service was subcontracted to Steve Duscha.

A final monitoring visit was conducted on July 11, 2008. However, the Analyst was unable to closeout the contract at that time due to several action items found during the records review. Your staff requested additional time to go over the records since they recently took over this project and had recently hired a subcontractor, Steve Duscha, to administer this project. The Analyst gave your staff an opportunity to review the training records, make the necessary corrections, and provide ETP any documentation relating to the cited records. Due to the volume of records and since the majority of the training sessions were documented via Kaiser's Learning Management System (LMS), a second meeting was scheduled with your staff on July 31, 2008.

In addition to the cited records found on July 10, 2008, new records were also reviewed during this visit. However, there were still items found that were not in compliance with ETP requirements. Your staff corrected the records and additional information was provided to ETP. A desk review was conducted by Ms. Paccereilli on August 8, 2008.

FINAL REPORT SUMMARY

• HISTORY OF AGREEMENT CHANGES

This Agreement was executed on April 27, 2006 and training began on February 13, 2006. Your project staff reported that all training was completed on November 11, 2007, which allowed for the 90-day retention period to be completed within the term ending date of the Agreement – February 11, 2008.

During the term of this Agreement, ETP approved the following modifications:

- Technical Amendment No. 1, approved on June 8, 2006, changed the signatory's name from "Thomas J. Williams" to "Thomas J. Williamson".
- Modification No. 2, approved on October 24, 2006, added occupations to be trained in this Agreement (respiratory therapist, respiratory technician, receptionist, medical assistant, clerk, technician, administrator, project manager, project manager, and analyst). According to your staff, adding these occupations will further the purpose of this Agreement by training hard-to-fill specialty positions at SCPMG and allow the company to train potentially displaced employees into other jobs within the company at the minimum SET wage of \$21.50.
- Modification No. 3, approved on July 23, 2007, moved all funds from Job 2 to Job 1. The original intent of the ETP funds in Job 2 was to retrain potentially displaced chartroom workers into other positions within the SCPMG. However, your staff reported that training for chartroom workers was paid by the union trust funds. Since Job 2 funds were not used, all funds were moved to Job 1 and chartroom workers were deleted. Although there was no change to the Agreement amount, this modification increased the total number of trainees from 430 to 502.

• FINAL PROJECT STATISTICS

This Agreement contains a variable training plan, which means that reimbursement will be based on the total actual number of training hours completed by each trainee between 24 and 300 class/lab training hours. There will be no reimbursement for any trainee who does not complete a minimum of 24 hours of training from the required curriculum.

Based on the data obtained from the ETP Online Tracking System, there were 736 trainees who met the minimum class/lab training hours and projected earnings will be \$961,637 (96%) based on the following calculation:

TYPE OF TRAINING	TOTAL HOURS	FIXED FEE RATE	TOTAL REIMBURSEABLE AMOUNT
Advanced Technology	3,020	\$20	\$60,400
Other Types of Training	74,489	\$13	\$968,357
SubTotal			\$1,028,757
Disallowed Hours (<i>Refer to Page 4</i>)			(\$67,120)
Projected ETP Reimbursement			\$961,637

Since your company has received \$987,124 from ETP to date, there is an overpayment of \$25,487. According to your staff, there were more ETP training hours provided by SCPMG than the total hours posted online. Since some training hours were disallowed, your staff reported that they will upload more hours online so they can earn 100% of the Agreement amount. To earn full reimbursement in this Agreement, you need to upload an additional 1,960 class/lab hours. Otherwise, you will receive a letter from our Fiscal Unit regarding the overpayment with applicable interest.

It should be noted that the disallowed hours were based only on the Analyst's sampling of the training records. Therefore, it is your responsibility to ensure that all training records comply with Panel requirements for auditing purposes. (Reference: Title 22 California Code of Regulations, Section 4442)

Project Statistics Provided By The Contractor

Trainees Started Training:	1,095	Completed Training:	736
Trainees Enrolled:	1,095	Completed Retention:	736
Dropped Following Enrollment:	290	In Retention Period:	0

The ETP Contract Status Report shows 690 trainees have been retained and 115 trainees have been dropped. There are 290 trainees still showing on active status. At this time, all active trainees must either be dropped or invoiced for final payment.

Your project staff was reminded that this Agreement ended on February 12, 2008. By the terms of the agreement the final contract closeout should have been completed within 30 days of the end term date of the Agreement. Since the closeout deadline has passed, ETP will give you an extension. The final contract closeout invoice and associated documents must be submitted to ETP on or before the close of business on August 22, 2008.

- **INTERVIEW WITH CONTRACTOR'S REPRESENTATIVES**

According to Mr. Ajemian, SCPMG greatly benefited from ETP-funded training. He said that ETP has done an excellent job in accommodating the training needs of SCPMG, particularly in its new technology system in which the company invested \$5 billion for its implementation. He also stated that ETP funds allowed the company to address staff shortages by retraining current employees to fill several positions within SCPMG and remain employed in the company. This training provided the company to expand opportunities for long-term job security to its employees and advancement in the medical industry.

Although he reported that his staff did not experience any problems with ETP record keeping, there was challenge in understanding the ETP reimbursement process, particularly the payment benchmark. There had been a previous discussion between the Analyst and your former project administrator staff regarding the ETP reimbursement for Progress Payment 1 (Pay 1). It was explained to Ms. Skyers that the Pay 1 amount is automatically set up in our system when your contract was developed and it is not equal to 8 hours (the required hours to bill for Pay 1) or total hours already completed at the time of the Pay 1 invoice. The Pay 1 amount is equal to 25% of the average hours each trainee was projected to receive when your contract was developed.

Overall, Mr. Ajemian appreciates ETP assistance in implementing the company's training plan and he looks forward to continuing the relationship with ETP which will allow SCPMG to provide upgraded skills to your employees and keep your workforce strong.

TRAINING RECORDS

At the last monitoring visit conducted on December 27, 2007, the Analyst found several action items relating to the training records as listed below. Although some of the records were corrected. Some training hours are disallowed based on ETP findings listed on pages 5 and 6.

In addition to the above records, the Analyst validated records of 18 trainees billed on Invoices 11 and 12 for Final Payment. The training records were documented two ways: 1) by Learning Management System (LMS) for the computer skills training and 2) by ETP attendance roster for all other training. The Analyst validated completion of training hours of 14 trainees. However, some training hours were disallowed for 4 trainees based on findings listed on pages 5 and 6.

1) *Training hours over 200* (Total amount disallowed: \$494)

There were 68 trainees who received more than 200 hours of class/lab training. In this Agreement, Radiological Technologist is the only occupation allowed to receive up to 240 hours of class/lab training in this Agreement. Other occupations can receive up to 200 training hours.

Based on the ETP Online Systems, excess hours for 52 trainees were deleted. Out of the 16 remaining trainees with more than 200 hours online, your staff verified that two trainees (Anna Yutuc and Mark Nery) were not radiological technologists. These trainees received 215 and 223 training hours. Therefore, 38 hours will be disallowed. Based on \$13 fixed fee rate per trainee hour, total amount disallowed is \$494.

2) *Training Records of Rico Angeles* (Total amount disallowed: \$6,760)

Commercial Skills training dated July 31, 2006 shows credit for 7.5 hours on the ETP Online System. The Analyst found only one roster for this date with total hours of 3.75. It appears that there was another 4-hour afternoon session that day, but the second roster was missing. With 20 trainees in the class, the total amount disallowed is \$3,380 (260 hours) based on \$13 fixed fee rate per trainee hour.

Another commercial Skills training provided on July 17, 2006 did not have a trainer's signature. During the final visit, your staff was unable to locate this roster. With 20 trainees in the class, the total amount disallowed is \$3,380 (260 hours) based on \$13 fixed fee rate per trainee hour.

3) *Training Records of Fernando Adriano* (Total amount disallowed: \$160)

ETP Online System shows duplicate entries for eight hours of Advanced Technology training on September 26, 2006. Based on \$20 fixed fee rate per trainee hour, total amount disallowed is \$160.

4) *Certified Medical Assistant Training* (Total amount disallowed: \$1,872)

There were six ETP trainees in this class, all of which were newly-hired by SCPMG with hire date of June 5, 2006. ETP Online System shows first date of training on June 6, 2006; however, the attendance roster was missing. The following training dates of June 8 and 9, 2006 listed "Medical Assistant Orientation" as the course topic. Your staff was advised that ETP does not fund new hire orientation. With three 8-hour class sessions disallowed for six trainees (144 hours), total amount disallowed is \$1,872 based on \$13 fixed fee rate per trainee hour (Refer to Exhibit A, page 8 and 9 of this report)

5) *Trainer-to-Trainee Ratio* (Total amount disallowed: \$57,824)

The Analyst noted several training sessions exceeding the trainer-to-trainee ratio. The LMS report shows several sessions with 26 to 40 trainees in attendance. Because of the volume of records, it is difficult to determine the percentage of sessions that exceeded the trainer-to-trainee ratio. At the July 10, 2008 meeting, Mr. Duscha agreed to go over all training classes to review these records.

On July 30, 2008, Mr. Duscha informed the Analyst that he found 4,448 class/lab hours exceeding the trainer-to-trainee ratio. With SCPMG's consent, he requested to delete these hours online because the affected trainees have received Progress Payment 2 and Final Payment and he is unable to make the changes online. This will be referred to the ETP Fiscal Unit. Based on \$13 fixed fee rate per trainee hour, the total disallowed hours is \$57,824.

6) *Training Records of Wendy Biala* (Total amount disallowed: \$9.75)

Training sessions dated March 6, 12, and 13, 2007 were documented on two rosters per date. The morning session shows a start/end time of 8:15 a.m. to 12:00 noon and the afternoon session shows 12:00 to 4:00 p.m. Total session for each date was 7 hours and 45 minutes (7.75 hours). Although these sessions were entered online as 7.5 hours (which means that there was a 15 minutes lunch break), there is still a question of actual time spent for lunch. Since other sessions within the same week shows a 30 minutes lunch break, we are disallowing an additional 15 minutes for each session. Based on \$13 fixed fee rate per trainee hour, total amount disallowed is \$9.75. Please note that this adjustment is for one trainee only. Please review your records to determine if there are other affected trainees for the above training sessions.

SUMMARY OF DISALLOWED HOURS BASED ON THE ABOVE FINDINGS:

1) Training Hours Over 200 hours	\$ 494.00
2) Training Records - Rico Angeles	6,760.00
3) Training Records – Fernando Adriano	160.00
4) Certified Medical Assistant Training	1,872.00
5) Trainer-To-Trainee Ratio	57,824.00
6) Training Records – Wendy Biala	9.75
TOTAL DISALLOWED	\$ 67,119.75

AUDIT

You will be notified in writing if this agreement is selected for an audit that will be conducted either at your site (field audit) or by telephone if selected for a desk review. These notifications will be sent in advance to allow ample preparation time and will include a list of documentation that will be examined by the auditor along with the Audit Notification and Audit Confirmation letters.

To provide support of training, original training attendance documentation is required; photocopied records are not acceptable. Listed below are types of records typically requested during an ETP field audit:

- Training attendance records such as rosters, sign-in sheets, etc.
- Payroll records of individual trainees to verify wage and hours worked
- Personnel records regarding occupation and dates of employment
- Documentation of employer paid health benefits (if applicable)
- Cash receipts to verify receipt and accounting of ETP funds

RECORD RETENTION

Records must be retained within your control and be available for review at your place of business within the State of California. This responsibility will terminate no sooner than four (4) years from the date of the termination of the Agreement or three (3) years from the date of the last payment by ETP to the Contractor, or the date of resolution of appeals, audits, claims, exceptions, or litigation, whichever is later.

If you have any questions or comments regarding this report, please contact Margarita Paccarelli at (818) 755-1317 or by email at mpaccarelli@etp.ca.gov within ten (10) working days from the receipt of this report.

Sincerely,

SIGNATURE ON FILE

Dolores Kendrick, Manager
North Hollywood Regional Office

SIGNATURE ON FILE

Margarita M. Paccarelli, Contract Analyst
North Hollywood Regional Office

cc: Zeth Ajemian, SCPMG (via email)
Steve Duscha, Consultant (via email)
David Guzman, Chief, ETP Program Operations Division (via email)
Kulbir Mayall, Fiscal Manager (via email)
Master File
Project File

Date report mailed to Contractor _____

EXHIBIT A

Class/Lab Training Date:	06/06/2006
Training Type:	Commercial Skills
Class Course Title:	Certified Medical Assistant Training

Trainee Name	Job No.	Actual Hours	Disallowed Hours
AVILA,LOURDES	1	8.00	8.00
BEDFORD,SHAMEKE	1	8.00	0.00
CORTEZ,SILVIA	1	8.00	8.00
GAMBOA BARTON,JULIO	1	8.00	8.00
GARCIA DE MOLIN,ANTONIA	1	8.00	8.00
VAZQUEZ,EMMA	1	8.00	8.00
Total Disallowed Hours			48
X \$13 Fixed Fee Rate			\$705.25

Class/Lab Training Date:	06/08/2006
Training Type:	Commercial Skills
Class Course Title:	Certified Medical Assistant Training

Trainee Name	Job No.	Actual Hours	Disallowed Hours
AVILA,LOURDES	1	8.00	8.00
BEDFORD,SHAMEKE	1	8.00	8.00
CORTEZ,SILVIA	1	8.00	8.00
GAMBOA BARTON,JULIO	1	8.00	8.00
GARCIA DE MOLIN,ANTONIA	1	8.00	8.00
VAZQUEZ,EMMA	1	8.00	8.00
Total Disallowed Hours			48
X \$13 Fixed Fee Rate			\$705.25

Class/Lab Training Date:	06/09/2006
Training Type:	Commercial Skills
Class Course Title:	Certified Medical Assistant Training

Trainee Name	Job No.	Class Hours	Disallowed Hours
AVILA,LOURDES	1	8.00	8.00
BEDFORD,SHAMEKE	1	8.00	8.00
CORTEZ,SILVIA	1	8.00	8.00
GAMBOA BARTON,JULIO	1	8.00	8.00
GARCIA DE MOLIN,ANTONIA	1	8.00	8.00
VAZQUEZ,EMMA	1	8.00	8.00
Total Disallowed Hours			48
X \$13 Fixed Fee Rate			\$705.25